

The Scottish Provident Institution Supervisory Committee has completed its Annual Bonus Review for the **Scottish Provident Limited (SPL) With Profit Fund** for 2007 (With Profit policies written before 1 August 2001 are invested in this Fund), see below

The Scottish Mutual International (SMI) Board will declare the Annual Bonus rate for the **Scottish Mutual International Dublin With Profits Fund** at the Board Meeting on the 24 April 2008, and we will communicate the SMI 2008 Bonus Declarations shortly afterwards. (Scottish Provident Ireland With Profit policies written after 1 August 2001 are invested in this Fund)

We will be writing to all Intermediaries about these declarations following the SMI Board meeting and communicating with all With Profit policyholders during May.

Scottish Provident Limited (SPL)

We are now in a position to give a brief update on the SPL 2007 Annual Bonus review.

We continue to manage our bonus policy according to the principles that we have explained in recent years and have published in our Principles and Practices of Financial Management, namely that the fairest way of sharing out the available assets and investment earnings in the SPL With Profit Fund for all customers is by way of Final/Terminal Bonus rather than Annual Bonus, with Market Value Reduction (MVR) rates being adjusted when necessary.

We have therefore declared a nil Annual Bonus for 2007 except for our Pensions Unitised With Profits Fund – Series 1 – where a guarantee of 4% applies to units purchased before 1 October 1999.

The terminal/final bonus scale will be reviewed again no later than June 2008.

Some Questions and Answers

What is the value of the SPL With Profits Fund?

The Scottish Provident Fund was valued at GB£4.169 billion as at 31 December 2007.

What has the SPL With Profits Fund returned from 1 January 2007 to 31 December 2007?

The SPL Fund has returned 3.96% before tax and charges.

Please remember that past performance is not an indication of future performance and the value of investments can fall as well as rise.

How often do you review the Final/Terminal bonus position?

MVRs are now reviewed monthly. Final/Terminal Bonus is reviewed at least twice a year.

What was the asset allocation of the fund?

This table represents the SPL With Profit fund asset split as at 31 December 2007

	Scottish Provident
Fixed Interest /Cash	39%
Equity	49%
Property	0%
Cash & Other	12%

Consistency of Approach

We will continue to concentrate on regular reviews of final bonus to reflect investment returns. This allows us to protect the long-term interests of all investors in the Fund and to continue to treat all policyholder groups fairly.

For more detailed information visit www.scotprov.ie where you will find:

- Current Final Bonus Rates
- Principles and Practices of Financial Management (PPFMs)
- Customer Friendly Principles and Practices of Financial Management

When will you be writing to Intermediaries and Policyholders?

We will be writing to all Intermediaries following the SMI Board meeting on 24 April.

We will be communicating with all With Profit policyholders during May

Copies of sample client letters will be available on the Scottish Provident Ireland website (www.scotprov.ie) in early May 2008.

Shay Hiney

Intermediary Relationship Manager

4 April 2008